



ARIZONA STATE
RETIREMENT SYSTEM

Your investment.
Your future.
Secure for your lifetime.

Strategic Plan

For the Five Fiscal Year
Period from July 1, 2023
to June 30, 2028

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Mission ► Vision ► Goals

Mission

ASRS will provide highly **desirable and sustainable** retirement benefits to our members that support the **recruitment and retention** of high-quality employees for our employer partners.

Vision

ASRS will be a top-performing retirement plan, leading the nation in **customer service, investment performance**, and **organizational effectiveness**.

Goals

To **EXCEL** in the areas of:

- Customer Service
- Investment Performance
- Risk Management
- Cost Effectiveness
- Organizational Sustainability and Governance

Organizing Principles

The ASRS uses a strategic planning cycle that contains three organizing principles: Clarity of Purpose, Performance Measurement, and Continuous Improvement

Clarity of Purpose

Like other organizations, the ASRS uses traditional planning devices to clarify its purpose, define its culture, and identify its goals and objectives for the current planning cycle.

Our goals help us clarify what the agency will be focusing on during the strategic planning period, which typically lasts five years. Goals consist of key areas the agency wants to enhance and optimize, and also areas the agency wants to monitor and maintain during the strategic planning period.

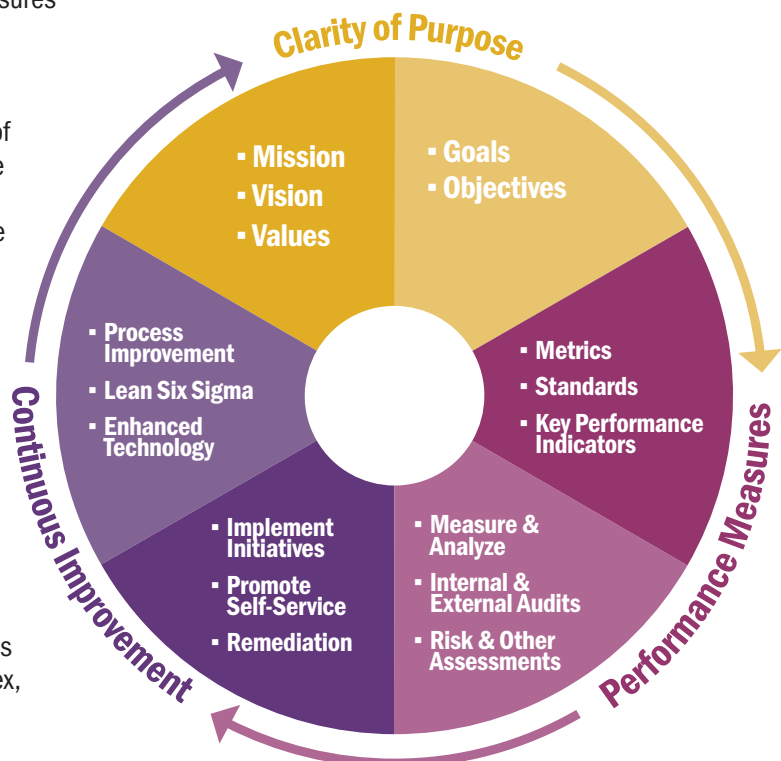
multi-year technology project to make our agency more cost-effective. Sometimes, the initiative takes the form of further analysis. A process improvement team is in place and available to examine business processes to identify opportunities to reduce redundant or unnecessary steps. Remediation plans are developed to mitigate risks that have been identified. As these improvements are implemented, performance continues to be measured, and new priorities emerge, starting the cycle once more.

Performance Measurement

Performance is monitored using various types of measures and reports. For each of these measurements, risk tolerances are identified to provide supervisors and managers with guidance on not just the standard of performance we desire to achieve, but also our level of risk tolerance for performance that falls outside of the standard. Taken together, the performance standard and risk tolerance provide the corridor of performance that management deems to be acceptable before remediation activities need to be considered.

Continuous Improvement

Through performance measurement, management is able to identify opportunities to improve service, satisfy customers, be more cost-effective, and mitigate risk. To address these opportunities, new initiatives are recommended and prioritized. These initiatives could be as simple as deploying additional resources to a business function to address increased service demand, or implementing a complex,



Structure & Implementation

The pyramid diagram is a visualization of our strategic plan's structure and focused approach to achieving success.

Structure

Positioned at the top, the mission represents our agency's fundamental purpose, guiding our strategic decisions and actions.

Below the mission, the vision reflects our agency's desired state. It provides a clear direction and inspiration for the agency.

Goals are areas the agency has identified as being key to realizing its desired state and upholding its fundamental purpose. By focusing on these long-term goals, the agency can align its efforts and resources toward the key areas crucial for success.

The subsequent levels of the pyramid represent strategic and ongoing objectives. These objectives align with the mission and vision, serving as steps toward their realization.



Implementation

Once objectives are decided upon, the process of realizing those objective begins. Key Performance Indicators are identified, Strategies are determined,

and Action Plans are formed. This includes identifying measures, baselines, and targets for all objectives, as well as prioritizing the achievement of strategies.

Goals Overview

The five goals the ASRS has identified as being key are:

GOAL

1

Excel at Customer Service

GOAL

2

Excel at Investment Performance

GOAL

3

Excel at Risk Management

GOAL

4

Excel at Cost Effectiveness

GOAL

5

**Excel at Organizational
Sustainability and Governance**

GOAL

1

Excel at Customer Service

Strategic Objectives		Ongoing Objectives	
1	Create More Net Promoters - Increase net promoter score by 25% or greater in key member cohorts.	1	High-Quality Service - Members and employers will receive timely and accurate service that results in high customer satisfaction.
2	Foster Well-Educated Members - Achieve 70% or greater of mid-career members who indicate an understanding of their ASRS Benefits.	2	Clear Communication - Foster trust and confidence with members and employers through effective communication of the actions and activities of the ASRS.
3	Increase Retirees' and Caregivers' Confidence - Increase the percentage of retirees and caregivers that report confidence in dealing with ASRS on post-retirement topics of website navigation, documents, forms, Survivor Benefits, and Health Insurance.	3	Payment Processing - Member disbursements will be processed timely and accurately, resulting in high satisfaction levels.
4	Enhance Support for Beneficiaries - Achieve satisfaction rates of 90% or greater on the survivor benefits process for all benefit types.	4	Contribution Accounting - Contributions and data received from members and employers will be processed and managed efficiently and effectively.
5	Enhance Web Users' Satisfaction - Achieve satisfaction rates of 90% or greater on ASRS websites across key stakeholder types for members, employers, and annuitants.	5	Health Benefits Administration - Health insurance plans offerings will be cost-competitive, accessible, efficient, and with strong customer service.
		6	Disability Plan Administration - ASRS will administer a long term disability plan that is competitive, efficient, and satisfies members.

GOAL

2

Excel at Investment Performance

Strategic Objectives		Ongoing Objectives	
1	Mitigate Risk - Reduce the probability of errors with internally managed portfolios.	1	Maximize total fund net rates of return for acceptable levels of risk.
2	Increase Available Staff Time for Higher Order Investment Analysis - Reallocate staff to higher-value decisions.	2	Achieve total fund net rates of return in the top 25th percentile or better compared to peers.
3	Increase Investment Management Flexibility - Enable increased internal investment management and modified investment approaches where prudent.	3	Achieve total fund net rates of return greater than the Strategic Asset Allocation Policy benchmark.
		4	Achieve total fund net rates of return greater than the actuarial assumed interest rate.
		5	Achieve asset class net rates of return that are greater than their respective benchmarks.
		6	Ensure sufficient cash is always available to meet all internal and external cash-flow requirements.

Excel at Risk Management

Strategic Objectives		Ongoing Objectives	
1	Increase Security Maturity - Achieve Information Security Program maturity targets.	1	IT Security Framework - Maintain a security program that complies with Industry best practices and advances the agency's capacity to manage and mitigate information security risks.
2	Enhance User Experience and Security - Adhere to Information Security and Privacy policies with minimal impact on user experience and satisfaction.	2	Privacy Framework - Maintain a privacy program based upon the privacy framework to identify and manage privacy risk and build innovative products and services while protecting individuals' privacy.
3	Embed a Culture of Risk Management - Expand the Administrative Enterprise Risk Management Program beyond IT security, privacy protection, and cash controls, and embed the framework within our culture.	3	Risk Mitigation - Identify, evaluate, and report on potential risk events that could threaten our abilities to meet strategic objectives, key performance indicators, or goals.
4	Increase Adherence to Retention Schedules - Initiate plans to review the retention schedules, and then implement and enforce adherence to retention schedules for all electronic records across all media.	4	Crisis Management - ASRS will be prepared to respond to any crisis (i.e., fraudulent activity, loss of equipment or system failure, sudden reduction in workforce, loss of access to a facility) promptly and effectively.
		5	Cash Controls - Develop, implement, and maintain an internal control program over cash that guards against fraud and protects and preserves Fund assets.

Excel at Cost Effectiveness

Strategic Objectives		Ongoing Objectives	
1	Maximize Peer and Universe Benchmarking - Achieve a top decile ranking in service and bottom decile ranking in cost compared to peers as measured by CEM Benchmarking.	1	Peer Benchmarking - The ASRS operation will deliver top decile relative service and relative cost compared to its peer retirement systems.
2	Optimize Cycles of Continuous Process Improvement - Streamline and automate member, employer, employee, and annuitant processes.	2	Prudent Budgeting - Develop and implement fiscally responsible budgets and spending plans that are flexible and able to meet agency priorities.
3	Improved Performance Reporting - Reduce errors, minimize manual effort, and increase flexibility and speed of performance reporting.	3	Cost-Effective Procurement - ASRS will procure goods and services in a competitive and effective manner that satisfies users and meets the needs of the ASRS.
4	Identify New IT Solutions - Identify technology solutions that improve efficiency, mitigate costs, and improve member satisfaction.	4	High-Performing Technology - Provide members and business users with technology that is high-performing and able to support evolving business needs.

GOAL

5

Excel at Organizational Sustainability and Governance

Strategic Objectives		Ongoing Objectives	
1	Align Processes, Rules, and Statutes - Align 100% of ASRS processes, Rules, and State Statutes related to benefit payments.	1	Governance - Ensure responsible governance in the administration of ASRS and its benefit programs.
2	Retain New Hires - Reduce undesired turnover to 10% or lower among new employees (0- 2 yrs).	2	Plan Sustainability - Contribution rates for ASRS benefit plans will remain relatively stable.
3	Enhance Continuity of Operations - Expand the workforce plan to include career planning for relevant positions.	3	Continuity of Operations - Recruit, retain, and develop a high-performing and engaged workforce capable of achieving agency goals and implement workforce plans that prepare future leaders and ensure continuity in key positions.
		4	Value Proposition - Educate members and employers of the value of the current and future benefits received relative to contribution rates paid.

The Value of Your Membership



A Pension for Your Lifetime

With the ASRS, your monthly pension payments will last for your lifetime.



A Pension that is Secure

Your pension is not impacted by stock market volatility. Your contributions are matched by your employer.



Retiree Medical and Dental Plans

Competitively priced retiree medical and dental insurance plans.



Retiree Medical and Dental Plan Subsidies

Medical and dental subsidies provided based on years of service.



Long Term Disability Insurance

Cost-effective group long term disability coverage is paid 50% by your employer.



A Pension with Options for Your Beneficiary

Your beneficiary can receive up to 100% of your adjusted monthly pension.



Survivor Benefits

Survivor benefits are payable upon your death whether you are an active, inactive, or retired member.



Portability

If you leave your ASRS employer, you have the choice to withdraw your contributions immediately or in the future, roll over your contributions to another retirement plan, or take a future pension.



Additional Tax-Advantaged Savings Plans

You have the opportunity to participate in additional tax-advantaged savings plans which have professional oversight and low costs.



Social Security Coverage

Most employees also obtain full social security coverage.

Values



Our organizational culture will be based upon the following values:

Professionalism

A highly capable workforce will promote a professional and respectful environment and lead the organization.

Results

A results-oriented approach to operations will energize the organization.

Improvement

A climate of continuous quality improvement and enhanced efficiencies will drive the organization.

Diversity

Engagement of diversity by the appreciation, recognition, and support for all people will propel the organization to ever greater achievement.

Excellence

A commitment to service excellence will permeate the organization.



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An agency of the State of Arizona